

Redevelopment Agency of
August 23, 2011

Agency Item 4A

Honorable Chairman and Members
of the Redevelopment Agency of the City of Torrance
City Hall
Torrance, California

**SUBJECT: Redevelopment Agency – Adopt Enforceable Obligation Payment
Schedule (EOPS)
Expenditure: Not Applicable**

RECOMMENDATION

Recommendation of the Deputy Executive Director that the Redevelopment Agency adopt the Enforceable Obligation Payment Schedule and post the schedule as statutorially required as well as submit with transmittal letter to the California State Controller's Office, the California Department of Finance, and the Los Angeles County Auditor-Controller.

BACKGROUND AND ANALYSIS

On June 29, 2011, ABX1 26, the "Dissolution Act", and ABX1 27, the "Continuation Act", became effective upon the signature of the state budget by the Governor. ABX1 26 requires the dissolution of redevelopment agencies and the sale of its assets and the proceeds to be remitted to the state for redistribution as property taxes to the state, county and municipalities. ABX1 27 provides for a "Voluntary" Alternative Redevelopment Program (VARP). VARP exempts redevelopment agencies from dissolution if an ordinance is enacted before November 11, 2011 for compliance with the new legislation and authorization to make certain required payments required by VARP.

On July 19, 2011, the Redevelopment Agency of the City of Torrance adopted an Ordinance to participate in ABX1 27, the VARP. This Ordinance allows the Redevelopment Agency to move from the state-enacted suspension back to a functioning Redevelopment Agency for one year with payment to the State. This year's payment will be made from the Housing set-aside fund. Subsequent years will require additional payments from the General Fund.

The deadline for the Redevelopment Agency to submit its Enforceable Debt Obligation schedule as defined in ABX1 26 is August 28, 2011. The schedule lists any debt, contract agreements and other obligation debt that the Agency has due during a certain part of the fiscal year and would include any projects associated with the enforceable obligation payment necessary for the continued administration or operation of the Agency.

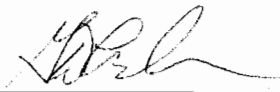
In listing obligations on the EOPS, the Agency is laying out the tax increment funding that will need to be continued in order to meet these obligations. The legislation allows for payments to continue for those existing obligations meeting the criteria set forth in the legislation and then set forth by the Agency in the EOPS. Initially it was thought that, since the City had passed the VARP ordinance, the EOPS would not be necessary, since with passage of the VARP, the Agency would continue as it had previously. The EOPS was

specifically for those agencies who were not continuing in order to ensure that they were able to meet the existing financial obligations after the dissolution of the Redevelopment Agency. With the filing of the CRA lawsuit challenging the Redevelopment legislation and the Court stay of provisions of that legislation, the current legal situation is murky at best. Staff recommends that we would be safest in submitting the EOPS in a timely manner so that our debt and obligations would be clearly understood. This would allow the Agency the opportunity to meet those obligations should the legal situation change, however should the CRA prevail our expectation would be that this document would be null and void. According to the California Redevelopment Association "CRA", Section 34167 prohibits agencies from making payments for anything other than "enforceable obligations" (as defined by Section 34167(d)) beginning August 28, 2011. Therefore, in the meantime, agencies are being recommended to continue the process of determining which of their obligations are "enforceable obligations" as defined by the statute.


Staff recommends that the Redevelopment Agency adopt the proposed Enforceable Obligation Payment schedule (Attachment A), which will set forth the debt obligations of the Agency, in order to ensure that, whatever happens with the pending legislation and lawsuit, the Agency will be afforded the tax increment funding to meet those obligations. The schedule will be posted on the City's website and submitted to all required county and state agencies. The letter of submittal will include language protesting the requirement and reserving the Agency's rights both prior to the legislation and the outcome of any pending lawsuits that would either change or negate these requirements.

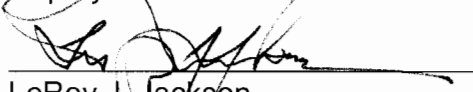
Respectfully submitted,

Jeffery W. Gibson
Deputy Executive Director

By 
Gregg D. Lodan, AICP
Planning Manager

CONCUR:


Jeffery W. Gibson
Deputy Executive Director


LeRoy J. Jackson
Executive Director

Attachment: A) Enforceable Obligation Payment schedule

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34167 and 34169 (*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation As of June 30, 2010	Total Paid During 2010-11 Fiscal Year (unaudited)	Total Due During 2011-12 Fiscal Year	Payments by month					
						Aug**	Sept	Oct	Nov	Dec	Total
1) 2001 Tax Allocation Refunding Bonds (Skypark)	Bank of New York	Bonds issued to fund non-housing project	\$ 880,360.00	\$ 352,144.00	\$ 352,144.00	\$ 176,072.00				\$ 176,072.00	\$ 352,144.00
2) Advance from Low-Mod Housing Fund (Skypark)	City of Torrance RDA	City Low Mod Housing fund	\$ 1,633,409.00	\$ 326,981.80							\$ -
3) Property Tax Admin Cost FY 10-11 (Skypark)	Skypark Redevelopment	admin	\$ 10,240.00	\$ 11,949.76	\$ 12,189.00	\$ 12,189.00					\$ 12,189.00
4) 20% Low Mod Housing set-aside FY 10-11 (Skypark)	City of Torrance RDA		\$ 134,361.00	\$ 123,907.00	\$ 134,178.00	\$ 134,178.00					\$ 134,178.00
5) SERAF FY10-11 (Skypark)	State of CA		\$ 436,758.00	\$ 436,758.00		\$ -					\$ -
6) City Advances 1990- 1993 (Downtown)	City of Torrance	downtown revitalization, relocation costs	\$ 2,050,313.00			\$ -					\$ -
7) Advance from County 1992-2010 (Downtown)	County of Los Angeles		\$ 18,674,905.00			\$ -					\$ -
8) City Advance 1997-1998 (Downtown)	City of Torrance	downtown rehabilitation	\$ 455,000.00			\$ -					\$ -
9) Bond Series A (Downtown)	Bank of New York		\$ 10,928,389.00	\$ 579,222.00	\$ 577,932.00		\$ 401,881.00			\$ 176,051.00	\$ 577,932.00
10) County Admin Fee FY10-11 (Downtown)	County of Los Angeles	admin	\$ 28,600.00	\$ 28,600.00	\$ 30,300.00	\$ 30,300.00					\$ 30,300.00
11) Bond Admin Fee FY10-11 (Downtown)	Bank of New York	admin	\$ 2,000.00	\$ 2,000.00	\$ 1,796.70	\$ 1,796.70					\$ 1,796.70
12) County Pass Thru (Downtown)	County of Los Angeles		\$ 1,123,101.00								\$ -
13) 20% Low-Mod Set-Aside (Downtown)	City of Torrance		\$ 393,812.00	\$ 358,445.00	\$ 342,289.00	\$ 342,289.00					\$ 342,289.00
14) City Advance 1982 (Industrial)	City of Torrance	Non-housing improvements	\$ 54,230.00			\$ -					\$ -
15) City Advance 1985 (Industrial)	City of Torrance	"	\$ 47,040,041.00			\$ -					\$ -
16) City Advance 1986 (Industrial)	City of Torrance	"	\$ 3,385,000.00			\$ -					\$ -
17) City Advance 1987 (Industrial)	City of Torrance	"	\$ 3,207,341.00			\$ -					\$ -
18) City Advance 1988 (Industrial)	City of Torrance	"	\$ 296,230.00			\$ -					\$ -
19) City Advance 1990 (Industrial)	City of Torrance	"	\$ 245,372.00			\$ -					\$ -
20) City Advance 1997 (Industrial)	City of Torrance	"	\$ 1,694,040.00			\$ -					\$ -
21) City Advance 1988 (Industrial)	City of Torrance	"	\$ 63,253.00			\$ -					\$ -
22) City Advance 1989 (Industrial)	City of Torrance	"	\$ 149,865.00			\$ -					\$ -
23) Notes Payable, Developer (Industrial)	Honda	for dev. of north american headquarters	\$ 1,726,609.00			\$ -					\$ -
24) City Advance 1998 (Industrial)	City of Torrance	Non-housing improvements	\$ 1,515,459.00			\$ -					\$ -
25) City Advance 1999 (Industrial)	City of Torrance	"	\$ 111,893.00			\$ -					\$ -
26) Industrial Series B&C Bond (Industrial)	Bank of New York	"	\$ 38,440,644.00	\$ 2,391,381.00	\$ 2,772,620.00	\$ 923,810.00				\$ 1,848,810.00	\$ 2,772,620.00
27) City Advance 1999 (Industrial)	City of Torrance	"	\$ 619,431.00			\$ -					
28) City Advance 1988 (Industrial)	City of Torrance	"	\$ 539,149.00			\$ -					
29) Bond Admin Fee FY10-11 (Industrial)	Bank of New York	admin	\$ 7,671.00	\$ 4,766.50	\$ 5,000.00	\$ 5,000.00					
30) County Pass Thru (Industrial)	County of Los Angeles		\$ 2,391,864.00								
31) Admin Fee SB2557/AB1924 (Industrial)	State of CA		\$ 97,329.00	\$ 121,203.22	\$ 123,300.00	\$ 123,300.00					
32) 20% Low-Mod Set-Aside FY10-11 (Industrial)	City of Torrance		\$ 1,366,780.00	\$ 1,073,200.60	\$ 1,240,074.00	\$ 1,240,074.00					
33) Salaries (Downtown)	City of Torrance	employee salaries & benefits	\$ 59,900.00	\$ 55,712.27	\$ 58,400.00	\$ 4,866.66	\$ 4,866.66	\$ 4,866.66	\$ 4,866.66	\$ 4,866.66	\$ 24,333.30
34) Housing Programs (Downtown Low-Mod)	City of Torrance	labor for Home Improvement Program (HIP)	\$ 247,550.00	\$ 181,390.84	\$ 214,250.00	\$ 214,250.00					\$ 214,250.00
35) Professional/Contract Services & Utilities (Downtown/ Low various	City of Torrance	Legal, tech services, housing & non housing projects	\$ 407,077.18	\$ 188,157.41	\$ 398,717.00	\$ 398,717.00					\$ 398,717.00
36) Materials Supplies, Maintenance (Downtown/ Low-Mod)	City of Torrance	rental subsidies, supplies, OPA charges, HIP	\$ 188,156.00	\$ 182,336.44	\$ 179,400.00	\$ 179,400.00					\$ 179,400.00
											\$ -
											\$ -
Total Obligations			\$ 140,606,132.18	\$ 6,418,155.84	\$ 6,442,589.70	\$ 3,786,242.36	\$ 406,747.66	\$ 4,866.66	\$ 4,866.66	\$ 2,205,799.66	\$ 5,040,149.00

* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than late August. It is valid through 12/31/11. It is the basis for the Preliminary Draft Recognized Obligation Payment Schedule (ROPS), which must be prepared by the dissolving Agency by 9/30/11. (The draft ROPS must be prepared by the Successor Agency by 11/30/11.) If an agency adopts a continuation ordinance per ABX1 27, this EOPS will not be valid and there is no need to prepare a ROPS.